

Message Text

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INFO AMEMBASSY MOSCOW
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E.O. 11652: N/A

TAGS:EWWT, GW, UR

SUBJECT:PROPOSAL FOR SOVIET ENTRY INTO LINER CONFERENCES

REF: BONN 5983

1. EFFORTS OF SOVIET LINES TO JOIN NORTH ATLANTIC CONFER-
ENCES ARE OUTGROWTH OF PERSONAL AGREEMENT REACHED BETWEEN
THEN CHAIRMAN OF U.S. FEDERAL MARITIME COMMISSION (FMC),
KARL BAKKE, AND SOVIET MARITIME OFFICIALS DURING BAKKE'S
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VISIT TO SOVIET UNION IN AUGUST 1976. ONE ELEMENT OF
AGREEMENT REACHED WAS THAT SOVIET LINES WOULD OPEN DISCUS-
SIONS AIMED AT CONFERENCE MEMBERSHIP WITH LINER CONFERENCES
IN ATLANTIC AND PACIFIC.

2. RESULT THESE DISCUSSIONS BETWEEN SOVIET LINES AND
ATLANTIC CONFERENCES WERE SO-CALLED "A/AA" AGREEMENTS,

UNDER WHICH SOVIET CARRIERS WOULD JOIN CONFERENCES BUT WOULD BE ASSIGNED "AA" CLASS AND ALLOWED TO CHARGE LOWER RATES COMMENSURATE WITH INFERIOR SERVICE OFFERED AND LESS MODERN VESSELS USED. "A/AA" AGREEMENTS WERE SUBMITTED IN JANUARY 1977 TO FMC FOR CONSIDERATION, AS REQUIRED BY U.S. SHIPPING LAWS. WHEN FMC DECIDED THAT IN VIEW OF QUESTIONS RAISED BY DEPARTMENT OF JUSTICE AND OTHERS ABOUT ALLEGEDLY ANTICOMPETITIVE NATURE OF THESE AGREEMENTS, TIME-CONSUMING FULL HEARING WOULD HAVE TO BE HELD, CONFERENCES (IN AUGUST 1977) WITHDREW THEIR APPLICATIONS FOR APPROVAL OF THE AGREEMENTS.

3. IN EARLY 1978, CONFERENCES RENEWED THEIR APPLICATION WITH THE FMC FOR APPROVAL OF THE QUOTE A/AA UNQUOTE AGREEMENTS. WHILE THE AGREEMENTS WERE AWAITING CONSIDERATION, FMC SENT LETTER TO THE TWO CONFERENCES (CONTINENTAL NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE AND NORTH ATLANTIC CONTINENTAL FREIGHT CONFERENCE) ASKING FOR ANY NEW RELEVANT INFORMATION OR JUSTIFICATIONS FOR THE AGREEMENTS WHICH THEY MIGHT WISH TO PROVIDE. CONFERENCES REPLIED TO THIS LETTER WITH NOTIFICATION THAT THEY WERE AGAIN WITHDRAWING APPLICATION FOR APPROVAL OF THESE AGREEMENTS.

4. IN SHORT, WHAT WAS INVOLVED WAS NOT OFFICIAL USG REJECTION OF CONFERENCES' APPLICATIONS BUT RATHER A UNCLASSIFIED

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SECOND WITHDRAWAL OF THE AGREEMENTS BY THE CONFERENCES BEFORE FMC HAD BEEN ABLE TO CONSIDER THEM. FMC DOES NOT KNOW CONFERENCES' REASON FOR MOST RECENT WITHDRAWAL. VANCE

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